

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: UNIT CORPORATION, <i>et al.</i>, Debtors.¹	§ § § § § § §	Case No. 20-32740 (DRJ) (Chapter 11) (Jointly Administered) Re: Docket Nos. 163 & 249
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**NOTICE OF FILING SECOND SUPPLEMENT TO
THE DEBTORS' FIRST REVISED PROPOSED JOINT CHAPTER 11 PLAN**

PLEASE TAKE NOTICE that on **July 22, 2020**, the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”), filed the *Supplement to the Debtors’ First Revised Proposed Joint Chapter 11 Plan of Reorganization* [Docket No. 249] (the “**First Plan Supplement**”).

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file this second plan supplement (together with the First Plan Supplement, the “**Plan Supplement**”) to the *Debtors’ First Revised Proposed Joint Chapter 11 Plan of Reorganization* [Docket No. 163] (as amended or modified from time to time and including all exhibits and supplements thereto, the “**Plan**”), filed in these Chapter 11 Cases on June 19, 2020.²

PLEASE TAKE FURTHER NOTICE that this Plan Supplement includes the following documents, as may be modified, amended, or supplemented from time to time in accordance with the Plan:

- **Exhibit C** – New Board of Reorganized Unit Corp.
- **Exhibit C-1** – Redline of New Board of Reorganized Unit Corp.
- **Exhibit H** – Schedule of Rejected Executory Contracts and Unexpired Leases
- **Exhibit H-1** – Redline of Schedule of Rejected Executory Contracts and Unexpired Leases
- **Exhibit M** – Distribution of Reorganized Unit Corp. Interests and the Warrant Package

¹ The Debtors in these chapter 11 cases and the last four digits of their respective federal tax identification numbers are: 8200 Unit Drive, L.L.C. (1376); Unit Corporation (3193); Unit Drilling Colombia, L.L.C. (1087); Unit Drilling Company (5145); Unit Drilling USA Colombia, L.L.C. (0882); and Unit Petroleum Company (5963). The location of the Debtors’ U.S. corporate headquarters and the Debtors’ service address is: 8200 South Unit Drive, Tulsa, Oklahoma 74132.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan Supplement and any exhibits, appendices, supplements, or annexes to the Plan Supplement documents are incorporated into the Plan by reference and are a part of the Plan as if set forth therein. If the Plan is confirmed, the Plan Supplement will be approved as well.

PLEASE TAKE FURTHER NOTICE that the documents contained in this Plan Supplement are not final and subject to continuing negotiations among the Debtors, the RBL Agent, the Consenting RBL Lenders, and the Consenting Noteholders (collectively, the “*Consent and Consultation Parties*”), as applicable. The Debtors reserve the right to alter, amend, modify, or supplement any document in the Plan Supplement in accordance with the Plan and subject to the consent and consultation rights in the Plan and the Restructuring Support Agreement. The Consent and Consultation Parties reserve all rights to further comment on any such amendments, revisions or supplements of the Plan Supplement, and any of the documents and designations contained therein in order to reach agreement with the Debtors on the final form of the Plan Supplement documents, at any time before the Effective Date, or any such date as may be provided for by the Plan or by order of the Bankruptcy Court. If any document in the Plan Supplement is altered, amended, modified, or supplemented in any material respect, the Debtors will file a revised version of such document with the Court.

PLEASE TAKE FURTHER NOTICE that the Debtors will seek confirmation of the Plan at the Combined Hearing scheduled for **3:30 p.m. (Prevailing Central Time) on August 6, 2020**, before the Honorable David R. Jones at the United States Bankruptcy Court for the Southern District of Texas, Houston Division, 515 Rusk Street, Courtroom 400, Houston, Texas 77002.

PLEASE TAKE FURTHER NOTICE any objections to the confirmation of the Plan must: (i) be in writing; (ii) conform to the applicable Bankruptcy Rules and Local Rules; (iii) set forth the name of the objecting party, the nature and amount of Claims or Interests held or asserted by the objecting party against the Debtors, the legal and factual basis for the objection, and the specific grounds thereof; and (iv) be filed with the Court, together with proof of service, and served on the following parties so as to be received no later than **5:00 p.m. (Prevailing Central Time) on July 31, 2020**. Objections must be served on: (a) the Debtors, 8200 South Unit Drive, Tulsa, Oklahoma 74132, Attn: Mark E. Schell; (b) proposed counsel to the Debtors, Vinson & Elkins LLP, 1001 Fannin Street, Suite 2500, Houston, Texas 77002-6760, Attn: Harry A. Perrin and Matthew J. Pyeatt, and 1114 Avenue of the Americas, 32nd Floor, New York, New York 10036, Attn: David S. Meyer and Lauren R. Kanzer; (c) the Office of the United States Trustee for the Southern District of Texas, 515 Rusk Street, Suite 3516, Houston, Texas 77002; (d) Frederic Dorwart, Lawyers PLLC, 124 East Fourth Street, Tulsa, Oklahoma 74103-5027, Attn: Samuel S. Ory and Bracewell LLP, 711 Louisiana Street, Suite 2300, Houston, Texas 77002-2770, Attn: William A. Wood, III, as counsel to the administrative agent under the RBL Facility; (e) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153-0119, Attn: Matt Barr and Lauren Tauro, as counsel to the Ad Hoc Group; and (f) counsel for a creditors’ committee, if any, appointed in these chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that copies of the Plan may be obtained free of charge by (i) visiting the website maintained by the Debtors’ voting agent, Prime Clerk LLC (“*Prime Clerk*” or the “*Voting Agent*”), at <https://cases.primeclerk.com/UnitCorporation>, or

(ii) by contacting the Voting Agent at the following address, telephone number, or email address: Unit Corporation Ballot Processing, c/o Prime Clerk LLC, One Grand Central Place, 60 East 42nd Street (Park Avenue), Suite 1440, New York, NY 10165; (877) 720-6581 (U.S. toll free); (646) 979-4412 (local); UnitCorporationBallots@primeclerk.com. In addition, copies of the Plan and other filings may be obtained at or viewed for a fee on the Court's website, <http://www.txs.uscourts.gov>, by following the directions for accessing the ECF system on such website.

Dated: July 31, 2020
Houston, Texas

/s/ Harry A. Perrin

VINSON & ELKINS LLP

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- and -

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**ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION**

CERTIFICATE OF SERVICE

I certify that on July 31, 2020, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Harry A. Perrin

One of Counsel

EXHIBIT C

New Board of Reorganized Unit Corp.

Reorganized Unit Corp. Directors

On the Effective Date,¹ the New Board of Reorganized Unit Corp. shall be composed of seven directors selected in accordance with Article IV.J of the Plan. The identities and affiliations of such directors are set forth below.

Director	Affiliation
Alan Carr	Alan Carr is the Chief Executive Officer of Drivetrain, LLC, and is a distressed investing and turnaround professional, with 20 years of experience in principal investing, advisory mandates, and board of directors service, including complex financial restructurings and reorganizations in the U.S and Europe. Prior to Drivetrain, Mr. Carr was Managing Director at Strategic Value Partners, a global investment firm focused on distressed debt and private equity opportunities. Carr started his career at Skadden, Arps, Slate, Meagher & Flom LLC and Ravin, Sarasohn, Baumgarten, Fisch & Rosen in corporate restructuring advisory. He received a B.A. in Economics and Sociology from Brandeis University in 1992, and earned a J.D. from Tulane Law School in 1995.
Phil Frohlich	Phil Frohlich founded Prescott Capital Management in 1992 and has been serving as Managing Partner since. The Oklahoma-based hedge fund has around \$500 Million in assets under management and focuses on small and mid-cap stocks. Mr. Frohlich was formerly president of Tulsa-based Siegfried Companies Inc. and a tax principal with what is now the international accounting firm Ernst & Young. He received a B.B.A. in Economics with special distinction from the University of Oklahoma in 1976, an M.B.A. at the University of Texas at Austin with highest honors in 1980, and a J.D. with honors from the University of Tulsa in 1993.
Steve Hildebrand	Steve Hildebrand joined the Unit Corp. board of directors in 2008. He is engaged in personal investing and has been since he retired in 2008 from Dollar Thrifty Automotive Group, Inc., a car rental business where he had served as Executive Vice President and Chief Financial Officer since 1997. Prior to that, Mr. Hildebrand served as Executive Vice President and Chief Financial Officer of Thrifty Rent-A-Car System, Inc., a subsidiary of Dollar Thrifty. Mr. Hildebrand joined Thrifty Rent-A-Car System, Inc. in 1987 as Vice President and Treasurer and became Chief Financial Officer in 1989. He was with Franklin Supply Company, an oilfield supply business, from 1980 to 1987, and from 1976 to 1980, was with the accounting firm Coopers & Lybrand. Mr.

¹ Capitalized terms used but not otherwise defined herein are used as defined in the *Debtors' First Revised Proposed Joint Chapter 11 Plan of Reorganization*, dated June 19, 2020 [Docket No. 163].

	Hildebrand earned a degree in Accounting from Oklahoma State University, and he is a Certified Public Accountant.
David T. Merrill	David T. Merrill is the current President and Chief Executive Officer of Unit Corp. From 2017 to 2020, Mr. Merrill served as Chief Operating Officer of Unit Corp., and prior to that, Mr. Merrill had held the position of Chief Financial Officer and Treasurer of Unit Corp. since 2004. Mr. Merrill joined Unit Corp. in August 2003 as Vice President, Finance. From May 1999 through August 2003, David T. Merrill served as Senior Vice President, Finance with TV Guide Networks, Inc. From July 1996 through May 1999 he was a Senior Manager with Deloitte & Touche LLP. From July 1994 through July 1996 he was Director of Financial Reporting and Special Projects for MAPCO, Inc. He began his career as an auditor with Deloitte, Haskins & Sells in 1983. Mr. Merrill received a B.B.A. in Accounting from the University of Oklahoma and is a Certified Public Accountant.
Philip Smith	Philip Smith is the former Chief Executive Officer of Prize Energy Corp. and Tide West Oil Company. Mr. Smith served on the Board of Directors of Eagle Rock Energy LP from 2007 to 2015. Prior to Eagle Rock Energy, Mr. Smith was Chief Executive Officer and Chairman of Prize Energy Corp., which he co-founded with NGP in 1999, until the Company's merger with Magnum Hunter Resources in 2002. Mr. Smith also served as CEO of Tide West Oil Company and grew the Company from less than \$10 million in assets to more than \$200 million in assets before it was sold to HS Resources in 1997. He received a B.S. in Mechanical Engineering from Oklahoma State University and a Master of Business Administration the University of Tulsa.
Andrei Verona	Portfolio Manager at Saye Capital Management. Andrei Verona currently serves as Portfolio Manager of the Spectrum Fund at Saye Capital Management, a credit hedge fund with approximately \$100 million of equity and \$200-\$300 million of assets depending on leverage. Mr. Verona is responsible for all corporate related assets, including high yield bonds, bank loans, equities, and securitizations of corporate assets and is specifically focused on high yield and distressed opportunities across all sectors with a preference for secured, event-driven positions. Prior to Saye Capital Management, Mr. Verona was Vice President at the investment bank Gleacher & Company, where he was responsible for executing and pitching high yield, M&A, and restructuring transactions. Mr. Verona started his career at PIMCO and GSC Partners, covering a variety of credit-related instruments. He received a B.A. in Economics from the University of California at Los Angeles in 2001.
TBD	[•]

Reorganized Unit Corp. Officers

Officers David T. Merrill and Mark E. Schell will serve as officers of Reorganized Unit Corp. and continue in their current roles. Mr. Merrill and Mr. Schell will be compensated in accordance with the Employment Agreements.

Officer	Affiliation
David T. Merrill	See Affiliation above.
Mark E. Schell	Mr. Schell is the current Senior Vice President, General Counsel, and Corporate Secretary of Unit Corp. He was promoted to Senior Vice President in 2003. Mr. Schell joined Unit Corp. in January 1987, as its Secretary and General Counsel. From 1979 until joining Unit Corp., Mr. Schell was Counsel, Vice President and a member of the Board of Directors of C & S Exploration Inc. He received a B.S. in Political Science from Arizona State University and a J.D. from the University of Tulsa College of Law. He is a member of the Oklahoma Bar Association.

EXHIBIT C-1

Redline of New Board of Reorganized Unit Corp.

Reorganized Unit Corp. Directors

On the Effective Date,¹ the New Board of Reorganized Unit Corp. shall be composed of seven directors selected in accordance with Article IV.J of the Plan. The identities and affiliations of such directors are set forth below.

Director	Affiliation
Alan Carr	Alan Carr is the Chief Executive Officer of Drivetrain, LLC, and is a distressed investing and turnaround professional, with 20 years of experience in principal investing, advisory mandates, and board of directors service, including complex financial restructurings and reorganizations in the U.S and Europe. Prior to Drivetrain, Mr. Carr was Managing Director at Strategic Value Partners, a global investment firm focused on distressed debt and private equity opportunities. Carr started his career at Skadden, Arps, Slate, Meagher & Flom LLC and Ravin, Sarasohn, Baumgarten, Fisch & Rosen in corporate restructuring advisory. He received a B.A. in Economics and Sociology from Brandeis University in 1992, and earned a J.D. from Tulane Law School in 1995.
Phil Frohlich	Phil Frohlich founded Prescott Capital Management in 1992 and has been serving as Managing Partner since. The Oklahoma-based hedge fund has around \$500 Million in assets under management and focuses on small and mid-cap stocks. Mr. Frohlich was formerly president of Tulsa-based Siegfried Companies Inc. and a tax principal with what is now the international accounting firm Ernst & Young. He received a B.B.A. in Economics with special distinction from the University of Oklahoma in 1976, an M.B.A. at the University of Texas at Austin with highest honors in 1980, and a J.D. with honors from the University of Tulsa in 1993.
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TBD	[•]

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Officers David T. Merrill and Mark E. Schell will serve as officers of Reorganized Unit Corp. and continue in their current roles. Mr. Merrill and Mr. Schell will be compensated in accordance with the Employment Agreements.

<u>Officer</u>	<u>Affiliation</u>
<u>David T. Merrill</u>	<u>See Affiliation above.</u>
<u>Mark E. Schell</u>	<u>Mr. Schell is the current Senior Vice President, General Counsel, and Corporate Secretary of Unit Corp. He was promoted to Senior Vice President in 2003. Mr. Schell joined Unit Corp. in January 1987, as its Secretary and General Counsel. From 1979 until joining Unit Corp., Mr. Schell was Counsel, Vice President and a member of the Board of Directors of C & S Exploration Inc. He received a B.S. in Political Science from Arizona State University and a J.D. from the University of Tulsa College of Law. He is a member of the Oklahoma Bar Association.</u>

EXHIBIT H

Schedule of Rejected Executory Contracts and Unexpired Leases

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on this Exhibit C (each a “***Rejected Contract***”), nor anything else in the Plan, shall constitute an admission by the Debtors or Reorganized Debtors, as applicable, that any such contract or lease is in fact an Executory Contract or Unexpired Lease, or that any Debtor or Reorganized Debtor has any liability thereunder.¹

Unless otherwise provided in the Plan, each Rejected Contract shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Rejected Contract, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests.

The Debtors reserve all rights to alter, amend, modify, or supplement this Exhibit C and the Plan Supplement, and any of the documents and designations contained herein, at any time before the Effective Date, or any such other date as may be provided for by the Plan or by order of the Court.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan.

**Schedule of Rejected
Executory Contracts and Unexpired Leases**

On June 19, 2020, the Debtors filed the *Debtors' Proposed Joint Chapter 11 Plan of Reorganization* [Docket No. 128] (as may be amended, modified, and/or supplemented, the “**Plan**”)¹ authorizing the Debtors to reject certain of the Executory Contracts and Unexpired Leases (each a “**Rejected Contract**”) listed on this Schedule of Rejected Contracts and Unexpired Leases (this “**Schedule**”), upon the Effective Date unless otherwise specified.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on this Schedule, nor anything else in the Plan, shall constitute an admission by the Debtors or Reorganized Debtors, as applicable, that any such contract or lease is in fact an Executory Contract or Unexpired Lease, or that any Debtor or Reorganized Debtor has any liability thereunder.

Unless otherwise provided in the Plan, each Rejected Contract shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Rejected Contract, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests.

The Debtors reserve all rights to amend, revise, or supplement the Plan Supplement, and any of the documents and designations contained herein, at any time before the Effective Date of the Plan, or any such other date as may be provided for by the Plan or by order of the Court.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan.
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No.	Debtor	Contract Counterparty	Contract Description	Effective Date
1	Unit Petroleum	Konica Minolta Premier Finance	Premier Advantage Agreement	6/30/2018
2	Unit Corporation	Cogent Communications	Internet Agreement	5/25/2018
3	Unit Petroleum	Seitel Data, Ltd.	Data Participation and Licensing Agreement	10/26/2000

EXHIBIT H-1

Redline of Schedule of Rejected Executory Contracts and Unexpired Leases

No.	Debtor	Contract Counterparty	Contract Description	Effective Date
1	Unit Petroleum	Konica Minolta Premier Finance	Premier Advantage Agreement	6/30/2018
2	Unit Corporation	Cogent Communications	Internet Agreement	5/25/2018
<u>3</u>	<u>Unit Petroleum</u>	<u>Seitel Data, Ltd.</u>	<u>Data Participation and Licensing Agreement</u>	<u>10/26/2000</u>

EXHIBIT M

Distribution of Reorganized Unit Corp. Interests and the Warrant Package

Pursuant to Article VII.C of the Plan,¹ the Debtors, with the consent of the Majority Consenting Noteholders, were required to determine whether Reorganized Unit Corp. will continue to be a reporting company under the Securities Exchange Act of 1934 (the “***Exchange Act***”) following the Effective Date. In accordance with the Plan, the Debtors, with the consent of the Majority Consenting Noteholders, have determined to take steps to be able to terminate their reporting obligations under the Exchange Act on or after the Effective Date, and after the Effective Date, the Board of Directors of Reorganized Unit Corp. will determine whether and when to terminate such reporting obligations. Additionally, the Debtors do not expect that the Reorganized Unit Corp. Interests will be listed on the New York Stock Exchange or another national securities exchange following the Effective Date.

Pursuant to the Plan, the Debtors have also determined that all Reorganized Unit Corp. Interests and the Warrant Package (and the Warrant Equity issuable upon exercise thereof) will be issued in book-entry form through DTC in accordance with DTC’s customary practices, whether or not the applicable Holders held their Claims against or Interests in the Debtors through the facilities of DTC prior to the Effective Date (subject to Article VII.B.1.a of the Plan). Any distribution that otherwise would be made to any Holder eligible to receive a distribution who does not own or hold an account eligible to receive a distribution through DTC on a relevant distribution date will be forfeited at the expiration of one year after the Effective Date.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the *Debtors’ First Revised Proposed Joint Chapter 11 Plan of Reorganization* [Docket No. 163] (as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto, the “***Plan***”).